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Caribbean Basin

Retail Foods

Opportunities Abound in Aruba's Retail Sector

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Report Highlights:

U.S. exports of consumer-oriented products to Aruba reached an all-time high of \$80 million in 2017 and are on pace to reach another record level in 2018. U.S. products and brands are well recognized by local consumers and trusted by tourists that visit the island. Aruba's modern retail sector, through which an estimated 60 percent of all imported foods are channeled, presents excellent opportunities for U.S. exporters.

Post:

Miami ATO

Market Fact Sheet: Aruba

Executive Summary

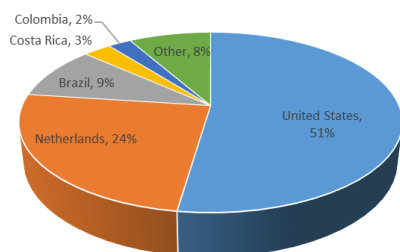
Aruba is one of the most prosperous and tourist dependent countries in the Caribbean. Over 85 percent of its economy and over 90 percent of local employment depend directly and indirectly on tourism. Annually, over two million tourists visit the island, most of which come from the United States. Stop-over tourist's account for a large share of the retail dollars spent in Aruba, and their purchasing power and preferences influence the range of products available in the local market.

In 2017, total imports of agricultural and related products reached \$213 million, a 3 percent increase from 2016. The United States was the largest supplier of agricultural and related products, followed by the Netherlands and Brazil. Imports of agricultural and related products from the United States were \$109 million in 2017, a 6 percent increase from 2016. .

Imports of Consumer-Oriented Products

In 2017, Aruba's consumer-oriented agricultural imports totaled \$159 million. Over half of these products (\$80 million) originated from the United States.

2017 Imports of Consumer-Oriented Products (\$ Million)



availability. Stop-over tourist's account for a large share of the

Quick Facts CY 2017

Imports of Consumer-Oriented Products (USD million)
\$159 million

List of Top 10 Growth Product Categories (POULTRY??)

- | | |
|-------------------------|----------------------------|
| 1) Beef & Beef Products | 6) Pork & Pork Products |
| 2) Eggs & Products | 7) Tree Nuts |
| 3) Fresh Fruit | 8) Condiments and Sauces |
| 4) Fresh Vegetables | 9) Wine and Beer |
| 5) Meat Products | 10) Food Preps and Mic Bev |

Food Industry by Channels (USD million) 2017

Aruba's Food Exports	\$45
Aruba's Food Imports	\$179
Retail Annual Sales (Modelled)	\$172
Food Service Annual Sales (Modelled)	\$41

Top Aruba Retailers (Alphabetical Order)

Certified Mega Mall
Kong Hing Supercenter
Ling & Sons Supercenter
Price Smart
Super Foods Plaza

GDP/Population 2017

Population: 115,120
GDP (USD): \$2.9 billion
GDP per capita (USD): \$25,325

Sources: CIA the World Factbook; Euromonitor International; Global Trade Atlas; U.N. Trade Data World Integrated Trade Solution.

Weaknesses/Opportunities Food Processing Industry

with the Netherlands, the main competitor in this market.

national brands. It can be challenging for new products to compete with these brands and it may be hard to find local importers who do not carry competing brands.

Aruba has small productions of aloe and livestock products. Aruba imports most of its food needs to supply both local consumers and the 2 million tourists that visit the island annually. In addition, U.S. brands and products are popular and well recognized, and consumers have a positive perception of U.S. products.

Food Retail Industry

According to Euromonitor International, Aruba's retail food market was estimated at nearly \$172 million in 2017, which represents approximately 60 percent of all food sales. The retail sector is composed of 12 modern grocery outlets and over 420 mostly small, traditional retail operations. Locally-owned supermarkets rival stores in the United States in terms of infrastructure and product

retail dollars spent in Aruba, and their purchasing power and preferences influence the range of products available in local market. Aruba's retail sector experienced a slight decline in overall sales in recent years due in part to the situation in Venezuela and ongoing economic woes. However, the retail sector is expected to rebound in 2018, with 3 percent growth forecast for 2018 and 2019.

Data and Information Sources:

Global Trade Atlas (GTA); CIA the World Factbook; Euromonitor International; Global Trade Atlas.

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I. MARKET SUMMARY

Aruba, a constituent country of the Kingdom of the Netherlands, is one of the smallest islands in the Caribbean. It is located in the Southern Caribbean, 15 miles off the coast of Venezuela. The capital, Oranjestad, is a busy cruise port city with large hotels and shopping malls. Aruba is considered as one of the richest countries in the Caribbean, although recent economic challenges and increasing budget deficits have hampered economic growth. Aruba also faces economic pressure from the political situation in Venezuela, particularly with regard to tourism (from Venezuela), which has dropped by nearly 70 percent.

Because of these recent challenges, the government of Aruba has implemented new measures and focused on developing and diversifying the tourism sector as a way to grow the economy. New constructions of hotels, roads, restaurants, entertainment centers, and facilities helped Aruba achieved modest GDP growth in 2017. According to Euromonitor International, this trend is expected to continue in 2018 with an estimated GDP growth of 3.9 percent.

Aruba is one of the world's most tourism-dependent countries with over 2 million visitors annually, over half of which come from the United States, both as stopover visitors and as cruise ship passengers. Over 85 percent of Aruba's economy and over 90 percent of local employment depend directly and indirectly on tourism. Stop-over tourist's account for a large share of the retail dollars spent in Aruba, and their purchasing power and preferences influence the range of products available in local market. Increased availability of timeshares and home sharing has also led to growth in the tourism industry. On average, stopover tourists spend up to five days in Aruba and will frequently shop at local supermarkets to provision their temporary homes.

With practically no agriculture production, Aruba is fully dependent on imports to satisfy its food needs. In 2017, Aruba imported \$213 million in agricultural and related products, most of which (75 percent) were consumer-oriented agricultural products. Aruba's retail food market was estimated at nearly \$172 million in 2017, which represents approximately 60 percent of all food sales. The retail sector is composed of 12 modern grocery outlets and over 420 mostly small, traditional retail operations. Locally owned supermarkets rival stores in the United States in terms of infrastructure, appearance and product availability. Aruba's retail sector has experienced a slight decline in overall sales since 2016 due in part to the situation in Venezuela and ongoing economic woes. However, the retail sector had a moderate rebound in 2017 and this trend is expected to continue for 2018 and 2019.

Key market drivers and consumption trends

- Large retail stores are refurbishing outlets and expanding services.
- Most of the larger supermarkets have modern facilities with uniform lighting, wide aisles, attractive produce and meat sections, and modern check-out counters.
- Larger supermarkets are adding in-house bakeries, delis, and food service counters and other services similar to those available in the United States.
- Many supermarkets offer membership cards and bonus coupons to attract customers.
- Sampling and targeted promotions are used to introduce and promote new products.
- Supermarkets increasingly offer online shopping and local delivery options.

- Consumers and tourists are demanding health foods, organic products, and specialty items such as gluten-free products.
- Although price is an important factor, consumers are increasingly demanding quality products and a modern shopping atmosphere.

TABLE 1. ADVANTAGES AND CHALLENGES

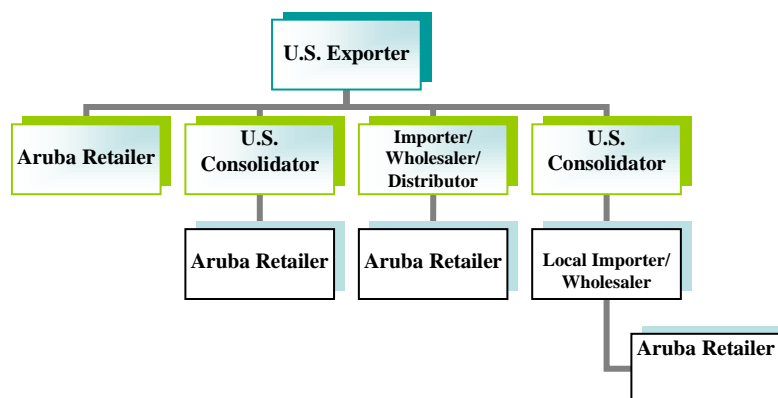
Advantages	Challenges
With virtually no agriculture, Aruba must import all of its food needs.	Individual orders tend to be small.
Aruba attracts over one million stopover visitors annually, fueling demand for food products.	The island is highly dependent on tourism and is thus susceptible to world events that may disrupt tourist activity (i.e. downturns in the world economy, war, terrorism, etc.).
Proximity and ease of shipment work to the advantage of U.S. suppliers.	In some cases, transportation costs from Europe are less than from the United States.
Exposure to U.S. media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	The island has strong cultural, economic, and political ties with the Netherlands, the main competitor in this market.
Aruba sits just below the hurricane belt and is generally spared from severe tropical weather that annually affects the Caribbean.	Hurricanes and severe tropical weather affecting other Caribbean islands occasionally cause tourists to cancel visits to unaffected areas such as Aruba.
The regulatory environment is receptive to U.S. products.	Local wholesalers already carry many major U.S. and international brands. It can be challenging for new products to compete with these brands and it may be hard to find local importers who do not carry competing brands.

Source: FAS Miami

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Aruba offers good opportunities for U.S. exporters interested in entering the market due to its proximity to the United States and knowledge and positive image of U.S. brands and products. Success, however, depends on knowledge of the market and personal contacts with the local importers and distributors, which have well established distribution channels. The following chart illustrates the different ways by which imported retail food U.S. products reach outlets in Aruba.



U.S. exporters intending to sell to retail outlets can utilize one or several of the channels listed below:

- **Importer/Distributor:** The most common way to enter the market in Aruba is through an importer/distributor. This is by far the preferred method, particularly for smaller retailers who do not possess sufficient warehouse space to handle large volumes. Importers offer similar services to the U.S. exporter, from product placement in stores, to marketing and promotional support. U.S. exporters are encouraged to offer samples and marketing and promotion for a new product introduced in the island, especially for a product that is not a U.S. nationally recognized brand. The level of services provided depends on the types of products and the size of the importer. Importers/distributors often require exclusive agreements to represent a product locally.
- **Consolidators:** Aruban importers often source products from U.S. consolidators, many of which are located in Miami, Florida. Consolidators prepare “mixed” loads for importers consisting of various dry or perishable products in a single container. Since Aruba is a small market, it is important to note that it is uncommon to ship full containers of a single product.
- **Direct Purchasing:** Larger retailers source the majority of their products directly from suppliers and may utilize local importers for specific products or brands. Large retailers also act as wholesalers on the island. Many of the larger supermarkets import directly from South Florida distributors. Small retailers also travel regularly to South Florida to seek out bargains from local wholesalers and ship the products directly to Aruba in mixed containers. Importers and retail buyers from Aruba frequently travel to U.S. food and beverage trade shows to find new products or new suppliers. The most popular trade shows include the National Restaurant Association Show, the Summer Fancy Food Show and the Americas Food and Beverage Show.¹

Market Structure

The structure of Aruba’s retail market includes: (1) Super stores, Supermarkets, Hyper Markets or Super Centers, and Club and Warehouse Outlets; (2) Convenience Stores, Gas Marts, Kiosks, and; (3) traditional “Mom & Pop” stores and Small Independent Grocery Stores and Wet Markets.

TABLE 2. COMPANY PROFILES OF FOOD RETAILERS IN ARUBA

Retailer Name and Outlet Type	Ownership	Number of Outlets	Location	Purchasing Agent Type	Website
Certified Mega Mall	Local	1	L.G. Smith Blvd 150	Direct, Wholesaler	www.megamallaruba.com
Kong Hing Supercenter	Local	2	Smith Boulevard #152	Direct, Wholesaler	http://konghingaruba.com/
Ling & Sons Supercenter	Local	1	Schotlandstraat #41	Direct, Wholesaler	www.lingandsons.com
Price Smart	U.S.	1	Avenida Milio J.	Direct, Wholesaler	https://shop.pricesmart.com/ar/en/

¹ The CBATO organizes Caribbean buyer missions to attend U.S. food shows. Please contact the CBATO to connect with local importers attending these shows.

			Croes #103		
Super Food	Local	1	Bubali 141-A in Noord	Direct, Wholesaler	www.superfoodaruba.com
Save A Lot	U.S.	2	San Nicolas Boegoeroei 45	Direct, Wholesaler	www.save-a-lot-aruba.com

III. COMPETITION

Aruba is one of the largest markets for U.S. agricultural products in the Caribbean region covered by the CBATO. In 2017, U.S. exports of agricultural and related products reached \$109 million, a 6 percent increase from 2016. U.S. exports of consumer-oriented products reached a record \$80 million in 2017, and are on pace to achieve another record level in 2018.

Overall, there is strong appeal among local residents for U.S. products. This is primarily due to the exposure to U.S. products through visits to the United States and through local television channels that broadcast U.S. networks. Food and beverage importers are also very receptive toward U.S. products due to quality and price, although less expensive ocean freight rates from Europe can at times offset the price advantages of U.S. products.

The United States is the largest supplier of consumer-oriented products to Aruba, with a 51 percent market share. Key competitors include The Netherlands, Brazil, Costa Rica and Colombia. The Netherlands supplies milk, cheese, snack foods, and beer while Brazil primarily supplies poultry, beef and pork products. Although the United States is the primary supplier of processed products, fruit and vegetables, and other consumer-ready products, competition from other suppliers such as Colombia and Costa Rica is increasing.

TABLE 3. PRODUCT AND COUNTRY MARKET SHARES

Product Category and Total Imports (2017)	Major Supply Sources (2017)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Food Preps and Misc. Bev. (\$29 million)	<ol style="list-style-type: none"> 1. United States: 63% 2. Netherlands: 24 % 3. Costa Rica: 7% 	In most product categories, the United States is either the leading supplier or one of the top three suppliers. Competitive pricing, quality products and proximity are some of the key advantages for U.S. suppliers. Exposure to U.S. media as well as strong language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S.	With minimal agricultural production, Aruba dependent on imports to satisfy its food needs.
Beef & Beef Products (\$21 million)	<ol style="list-style-type: none"> 1. United States: 57% 2. Brazil: 23% 3. Paraguay: 9% 		

Wine and Beer (\$18.9 million)	1. Netherlands: 38% 2. United States: 36% 3. Chile: 7%	products. Historical ties to the Netherlands influence preferences for snack foods, beer, and cheese and dairy products. For Brazil, competitive prices are a factor in determining market preferences.	
Dairy Products (\$18.5 million)	1. Netherlands: 46% 2. United States: 37% 3. New Zealand: 4%		
Poultry Meat & Prods. (ex. eggs) (\$13.5 million)	1. Brazil: 57% 2. United States: 37% 3. Argentina: 3%		
Pork & Pork Products (\$9.6 million)	1. United States: 44 % 2. Netherlands: 29 % 3. Brazil: 19 %		
Processed Vegetables (\$6.1 million)	1. United States: 39.4% 2. Netherlands: 38.7% 3. Canada: 8%		
Meat Products (NESOI) (\$5.1 million)	1. United States: 53% 2. Netherlands: 43% 3. Brazil: 1%		
Condiments & Sauces (\$4.6 million)	1. United States: 75% 2. Netherlands: 16% 3. Colombia: 4%		
Fresh Fruit (\$4.1 million)	1. United States: 64% 2. Costa Rica: 10.5% 3. Netherlands: 10%		
Fresh Vegetables (\$3.3 million)	1. Netherlands 44.15% 2. United States: 43.5% 3. Colombia: 7%		

Source: Trade data is from the Global Trade Atlas database. Because complete import data for Aruba is not available, the above numbers represent global exports to Aruba based on reporting countries export statistics.

IV. BEST PRODUCT PROSPECTS

There is good potential to increase exports of U.S. consumer-oriented food and beverage products to Aruba's retail sector, specifically for prepared foods, beef and beef products, dairy products, wine and beer, poultry meat and products (ex. eggs), fresh fruit, processed vegetables, chocolate and cocoa products, eggs and products. Aruba imports most of its food needs to supply both local consumers and the 2 million tourists that annually visit the island. In addition, U.S. brands and products are popular and well recognized, and consumers have a positive perception of U.S. products.

Import tariffs on most food and agricultural products are relatively low, falling between 0 and 12 percent. However, some specialty items and "luxury" food items have higher tariffs, depending on the specific product. In addition, Aruba's regulatory environment is import-friendly, particularly for U.S. suppliers. Aruba's import officials have a high degree of confidence in U.S. regulatory agencies' ability to ensure that U.S. products are safe and wholesome. As a result, Aruba has few restrictions on imported food and agricultural products from the United States and generally accepts all USDA and U.S. certificates. Consequently, the import process is fairly easy and consistent.

TABLE 4. PRODUCTS PRESENT IN ARUBA WITH GOOD SALES POTENTIAL BASED ON 5-YR. AVERAGE ANNUAL GROWTH (%)

Product Category	Global Exports (2017, millions of US\$)	5-Yr. Avg. Annual Growth (%)	Import Tariff Rate (%)	Key Constraints Over Market Development	Market Attractiveness for USA
Beef & Beef Products	World: \$21.4 U.S.: \$12.3	19%	Most imports have a 0% to 12% tariff. Higher end or luxury goods are subject to higher tariffs. For a complete list of tariffs, see footnote. ²	U.S. goods are welcomed in Aruba. No major constraints have been observed.	U.S. products and brands are accepted and demanded by local consumers. Demand from the tourism sector also influences product availability.
Egg and Egg Products	World: \$1.7 U.S.: \$1.7	17%			
Fresh Fruit	World: \$4.2 U.S.: \$2.6	16%			
Fresh Vegetables	World: \$3.3 U.S.: \$1.4	9%			
Meat Products NESOI	World: 5.1 U.S.: \$2.7	8%			
Pork & Pork Products	World: \$9.6 U.S.: \$4.2	7%			
Tree Nuts	World: \$1.0	13%			

² For detailed tariff information, see the Servicio di Aduana - SIAD website. Click on "Zakelijk" and then "Tarief van invoerrechten" at the top of the page. Then click on "Tarief van invoerrechten" in the middle or right-hand columns.

	U.S.: \$1.6				
Condiments and Sauces	World: \$4.6 U.S.: \$3.5	5%			
Wine and Beer	World: \$18.9 U.S.: \$6.7	4%			
Food Preps and Misc. Bev.	World: \$29.5 U.S.: \$18.5	4%			

Source: Trade data is from the Global Trade Atlas database. Because complete import data for Aruba are not available, the above numbers represent global exports to Aruba based on reporting countries export statistics.

TABLE 5. TOP TEN U.S. CONSUMER-ORIENTED EXPORTS TO ARUBA (2017)

Consumer Oriented Products	U.S. Exports (2017, millions of US\$)	% of Total	5-Yr. Avg. Annual Import Growth (%)
Food Preps. & Misc. Bev	\$18.5	23%	3%
Beef & Beef Products	\$12.3	15%	38%
Dairy Products	\$6.9	9%	9%
Wine & Beer	\$6.7	8%	6%
Poultry Meat & Prods. (ex. eggs)	\$5.1	6%	8%
Pork & Pork Products	\$4.2	5%	7%
Condiments & Sauces	\$3.5	4%	7%
Meat Products NESOI	\$2.7	3%	12%
Fresh Fruit	\$2.7	3%	39%
Dog & Cat Food	\$2.3	3%	-10%
TOTAL	\$80.5		7%

Products Not Present in Significant Quantities but that Have Good Sales Potential

- Healthy, Natural and Organic Products: Aruba's retail stores have been increasing the availability of healthy, natural, and organic products due to a growing trend towards health and wellness.

Products Not Present Because They Face Significant Barriers

- There are no products that face significant barriers

V. Key Contacts and Further Information

If you have questions or comments regarding this report, or need assistance exporting to Aruba, please contact the Caribbean Basin Agricultural Trade Office in Miami, Florida. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

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